



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://cao.co.la.ca.us>

DAVID E. JANSSEN  
Chief Administrative Officer

December 16, 2003

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Board of Supervisors

GLORIA MOLINA  
First District

YVONNE BRATHWAITE BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

Dear Supervisors:

**FRINGE BENEFITS AND SALARIES FOR REPRESENTED AND NON-  
REPRESENTED EMPLOYEES (ALL AFFECTED) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve the accompanying successor Fringe Benefit Memoranda of Understanding (MOUs) with SEIU, Local 660, AFL-CIO (Local 660) and the Coalition of County Unions, AFL-CIO (Coalition) for a three year term ending on September 30, 2006. The substance of these agreements is summarized in Attachment A.
2. Approve the accompanying successor Memoranda of Understanding for a three year term ending on September 30, 2006 with the following bargaining units represented by Local 660:

(Unit 111) - Clerical & Office Services Employees  
(Unit 112) - Supervising Clerical & Office Services Employees  
(Unit 121) - Administrative Technical & Staff Personnel  
(Unit 122) - Supervising Administrative Technical & Staff Personnel  
(Unit 201) - Building Custodians & Services Employees  
(Unit 211) - Institutional Support Services Employees  
(Unit 341) - Health Science Professionals  
(Unit 342) - Supervising Health Service Professionals  
(Unit 431) - Artisan & Blue Collar Employees  
(Unit 432) - Supervising Artisan & Blue Collar Employees  
(Unit 702) - Supervising Deputy Probation Officers  
(Unit 722) - Medical Social Workers

(Unit 731) - Social Services Investigators  
(Unit 732) - Supervising Social Service Investigators

The substance of these agreements is also summarized in Attachment A.

3. Approve fringe benefit and salary changes for non-represented employees as shown in Attachment B.
4. Approve the attached resolution implementing AB 55.
5. Approve changes to the retiree health insurance program that establish reciprocity with the City of Los Angeles retiree health insurance plans as outlined in Attachment C, and instruct the Chairman to sign the necessary agreement with the City of Los Angeles.
6. Approve other changes necessary to implement these recommendations, as shown in Attachment D.
7. Instruct the Auditor-Controller to make payroll system changes necessary to implement the recommendations contained herein.
8. Adopt the accompanying ordinance amending Title 5 and Title 6 of the Los Angeles County Code to implement the changes recommended herein.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

##### **Represented Employees**

We have concluded agreements and are submitting for your approval successor Fringe Benefit MOUs with Local 660 and the Coalition for a three year term ending September 30, 2006. We are also recommending that you approve, for a three year term ending on September 30, 2006, MOUs with fourteen (14) individual bargaining units represented by Local 660.

The fringe benefit agreements with Local 660 and the Coalition provide County cafeteria plan contribution adjustments that cover the premium cost increases for health and dental benefits in plan year 2004. The County cafeteria plan contribution adjustments in plan years 2005 and 2006 are capped at a negotiated rate.

Local 660's fringe agreement permits the union to negotiate a shift of salary dollars to increase the County's Options contributions for 2005 and 2006. The Coalition fringe benefit agreement permits the Coalition to negotiate a reduction in the amount contributed

to employees who waive health insurance in exchange for an increase in County's Choices contributions for 2005 and 2006.

Local 660 unit agreements provide for 2.5 percent salary adjustments to employees on January 1, 2005 and January 1, 2006. However, in the event a financial crisis is declared in either 2005 or 2006, the salary adjustment will be cancelled and negotiations will be re-opened on economic issues. These changes and other significant changes in the agreements are spelled out in greater detail in Attachment A.

#### Non-Represented Employees

It would be appropriate to extend to non-represented employees pay and benefit adjustments comparable to the changes recommended for represented employees. With regard to fringe benefits, we are recommending that employee costs for health insurance in 2004 be adjusted as shown in Attachment B. Recommendations for 2005 and 2006 will be submitted to your Board at a future date.

Additionally, we recommend 2.5 percent salary adjustments for non-represented employees on January 1, 2005 and January 1, 2006, subject to the same cancellation provision applicable to represented employees. These adjustments will also apply to employees covered by the Management Appraisal and Performance Plan (MAPP), including 32 department heads, with the understanding that any adjustment in actual salary for these employees will require a performance rating of "Merit Performance" or better. These and other recommendations concerning non-represented employees are shown in Attachment B.

#### Implementation of Strategic Plan Goals

The actions recommended in this letter promote workforce excellence by resolving workplace issues while maintaining financial responsibility.

The agreements with Local 660 also improve organizational effectiveness (i) by coordinating future bargaining so that County-wide issues such as: general salary movement, employee benefits and common language will be negotiated with Local 660's Bargaining Policy Committee, and (ii) by further standardizing contract language so departments interpret and administer common MOU provisions uniformly. Other improvements include a negotiated provision establishing a bargaining linkage that enables Local 660 to negotiate a shift of general salary movement dollars to mitigate potential increases in the County health insurance premiums in 2005 or 2006. In addition, to facilitate contract administration, the economic provisions of the contract including salary, special pay practices, and overtime articles are now at the end of the MOU's.

### **FISCAL IMPACT/FINANCING**

The recommended agreements were reached within the parameters established by your Board. Current year costs of all recommended changes will be financed within available funding.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Local 660 and the Coalition Fringe Benefit MOUs have been ratified. The agreements and the accompanying ordinance have been reviewed and approved as to form by County Counsel.

#### **Retirement Studies**

The MOUs provide for the Coalition and Local 660 to confer with the County on optional retirement formulas during the term of this agreement. Any agreements reached will be submitted to your Board for approval.

#### **AB 55**

AB 55 (Correa) is a local option urgency measure that was signed into law this year. In 1937 Retirement Act counties, this bill permits employees to purchase up to five additional years of retirement service credit to the retirement association (LACERA) for the cost of the credit. Under the terms of the bill, the price each employee pays must be the amount necessary to cover the cost of the additional benefits as determined by LACERA's actuary.

The adoption of the attached resolution will make AB 55 operative in Los Angeles County effective February 1, 2004. This allows time for LACERA to provide notice to LACERA members, adopt a pricing methodology, and make necessary preparations.

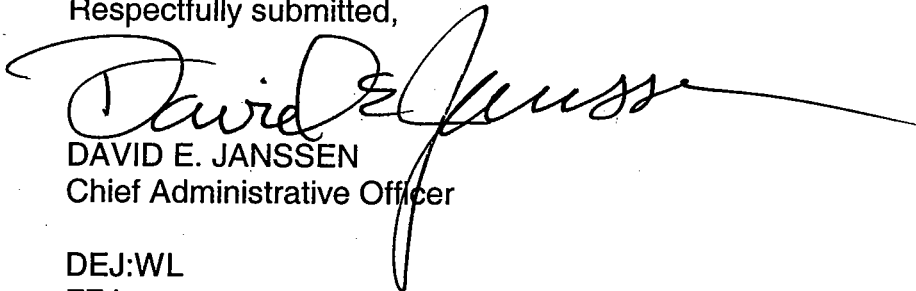
Pension Savings Plan

The Pension Savings Plan is a retirement trust established to meet a Social Security Act requirement that temporary employees who do not qualify for membership in the County retirement system (LACERA) be provided a retirement alternative to the Social Security system. The plan has not been reviewed by the Internal Revenue Service (IRS) to secure a ruling that it is an eligible State plan under Section 457 of the Internal Revenue Code (IRC) and a qualified social security offset plan under Section 3121 of the IRC. Because plan trustees and investment managers require such a ruling as a condition of providing services to the plan, we plan to submit the plan to the IRS for review. Local 660 and the Coalition have agreed to plan changes needed to obtain a favorable ruling from the IRS and these changes are included in the restated plan in the accompanying ordinance.

**IMPACT ON CURRENT SERVICES**

None.

Respectfully submitted,

A large, stylized handwritten signature in black ink, reading "David E. Janssen". The signature is written over the printed name and title of the signatory.

DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:WL  
FF:lg

Attachments (5)

c: County Counsel  
Auditor-Controller

## CHANGES RESULTING FROM BARGAINING

### Negotiated Fringe Benefit Changes for SEIU, Local 660

1. The agreement provides a mechanism through which Local 660, with the agreement of the County, may choose to exchange salary adjustment for an increase to the County contributions to the Options Plan in 2005 and 2006. If no exchange occurs in years 2005 and 2006, the County monthly contribution to Options will be as follows:

	<u>1/1/04</u>	<u>1/1/05</u>	<u>1/1/06</u>
Waiver	\$278	\$253	\$228
One Party	\$352	\$375	\$399
Two Party	\$633	\$679	\$728
Family	\$749	\$802	\$860

Previously negotiated health insurance subsidy of \$6, \$9, and \$11 for each respective tier will continue for the term of the MOU.

2. The County monthly contribution to participants in Delta Dental (Options) will be as follows:

One Party	\$20.59
Two Party	\$36.02
Family	\$56.58

3. The County monthly health insurance contributions for eligible temporary and recurrent employees will be as follows:

	<u>1/1/04</u>	<u>1/1/05</u>	<u>1/1/06</u>
One party	\$288	\$311	\$335
Two party	\$500	\$546	\$595
Family	\$572	\$625	\$683

4. Beginning on January 1, 2005, LTD health insurance will be extended to the survivor (including a domestic partner) of an employee participating in the LTD health insurance protection program.

5. The agreement increases the limit of personal sick days from six (6) to nine (9) days per year.
6. The agreement provides that if an employee, who has received a leave donation dies, before donated full pay sick leave has been exhausted, the remaining sick leave shall be returned to the donor on a "last-in-first-out" basis.
7. By July 1, 2005 the parties agree to study and implement a rollover of termination pay (time certificate pay) into a qualified plan under the Internal Revenue Code.
8. The agreement provides that employees may purchase additional group term life insurance coverage up to 8 times salary on the same basis as existing options.

#### **Negotiated Fringe Benefit Changes for Coalition**

1. The agreement provides a mechanism through which the Coalition, with the agreement of the County, may negotiate a reduction in waiver amount for an increase in County contributions to the Choices Plan. If no shift occurs in 2005 and 2006, the County monthly contribution to Choices is as follows:

	<u>1/1/04</u>	<u>1/1/05</u>	<u>1/1/06</u>
Waiver	\$294	\$269	\$244
One Party	\$352	\$375	\$399
Two Party	\$633	\$679	\$728
Family	\$749	\$802	\$860

In addition, during the term of the agreement, in exchange for a reduction of the waiver amount beginning in 2004, the County will subsidize by \$5.44 per month the employee health insurance premium at the two party and family coverage levels for County and Union sponsored health plans available to employees represented by the Coalition.

2. The County monthly contributions to participants in Delta Dental (Choices) will be as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
One Party	\$14.37	\$17.48	\$20.59
Two Party	\$25.98	\$31.00	\$36.02
Family	\$40.77	\$48.68	\$56.58

3. The County monthly health insurance contributions for eligible temporary and recurrent employees will be as follows:

	<u>1/1/04</u>	<u>1/1/05</u>	<u>1/1/06</u>
One party	\$288	\$311	\$335
Two party	\$500	\$546	\$595
Family	\$572	\$625	\$683

4. Beginning on January 1, 2005 LTD health insurance will be extended to the survivor (including a domestic partner) of an employee who is participating in the LTD health insurance protection program.
5. The agreement increases the limit of personal sick days from six (6) to nine (9) days per year.
6. The agreement provides that if an employee, who has received a leave donation dies, before donated full pay sick leave has been exhausted, the remaining sick leave shall be returned to the donor on a "last-in-first-out" basis.
7. By July 1, 2005 the parties agreed to study and implement a rollover of termination pay (time certificate pay) into a qualified plan under the Internal Revenue Code.
8. The agreement provides that employees may purchase additional group term life insurance coverage up to 8 times salary on the same basis as existing options.



### RECOMMENDATIONS FOR NON-REPRESENTED EMPLOYEES

1. Provide 2.5 percent salary adjustments to non-represented employees on January 1, 2005 and January 1, 2006, subject to cancellation if the Board declares a financial crisis; amend salary tables and other provisions of the County Code to the extent required to implement the salary adjustments and cancellation option.
2. Effective January 1, 2004, subsidize non-represented employee costs for County sponsored health insurance as shown in the following table:

#### RECOMMENDED REVISED HEALTH PLAN PREMIUMS FOR NONREPRESENTED EMPLOYEES IN 2004

Plan	Option	Coverage Category (a)	2004 Employee Premium Approved 9/16/03 (b)	Proposed 2004 Employee Premium (b)	Proposed Decrease in Rate Effective 1/1/04 (c)
BLUE CROSS	California Care HMO	1	\$202.49	\$167.49	\$35.00
		2	\$395.60	\$327.60	\$68.00
		3	\$415.64	\$343.64	\$72.00
		4	\$469.63	\$388.63	\$81.00
	PLUS POS	1	\$288.09	\$253.09	\$35.00
		2	\$576.16	\$508.16	\$68.00
		3	\$592.09	\$520.09	\$72.00
		4	\$661.12	\$580.12	\$81.00
	Catastrophic	1	\$164.55	\$129.55	\$35.00
		2	\$327.93	\$259.93	\$68.00
		3	\$331.43	\$259.43	\$72.00
		4	\$386.28	\$305.28	\$81.00
	PPO	1	\$357.80	\$322.80	\$35.00
		2	\$660.46	\$592.46	\$68.00
		3	\$687.42	\$615.42	\$72.00
		4	\$794.03	\$713.03	\$81.00

Plan	Option	Coverage Category (a)	2004 Employee Premium Approved 9/16/03 (b)	Revised 2004 Employee Premium (b)	Decrease in Rate Approved on 9/16/03 (c)
KAISER	Staff HMO	1	\$203.80	\$168.80	\$35.00
		2	\$398.16	\$330.16	\$68.00
		3	\$418.34	\$346.34	\$72.00
		4	\$472.66	\$391.66	\$81.00

- a. 1=Employee Only; 2=Employee + Child(ren); 3=Employee + Spouse; 4=Employee + Spouse + Child(ren)
- b. Rates where applicable are net of County subsidy.
- c. Based on 2004 dollar increases in Options and Choices County contribution rates.

3. Designate the Chief Medical Examiner-Coroner as eligible to receive benefits pursuant to Section 5.39.030 of the County of Los Angeles Code.
4. Amend the Savings Plan to allow benefit distributions to the extent permitted by law.
5. Amend the Savings Plan and the Deferred Earnings Plan to add the Director of Personnel as a member of the plan administrative committees.
6. Adjust the salary threshold for Board approval of appointments to management positions to \$110,000 on January 1, 2005 and \$113,000 on January 1, 2006.
7. Beginning in 2005, provide additional group term life insurance coverage options to employees up to 8 times annual salary on the same basis as existing coverage options.
8. Enable the CAO to adjust the pay range of a physician classification for recruitment and retention purposes by an amount not to exceed six pay schedules if requested by a department head, and the CAO finds, after investigation that a manpower shortage exists.
9. Exclude County retirees employed on a temporary basis from receiving special paid leave for temporary employees.

10. Extend the current practice of adjusting the salaries for the Public Defender and Alternate Public Defender on July 1 of each year by the percentage increase in the Consumer Price Index (CPI –U) for the Los Angeles Metropolitan Area for the preceding year calendar year, not to exceed four percent. Such adjustment shall be contingent upon merit or competent performance and shall be in lieu of any other department head salary adjustments provided for in these recommendations.
11. Increase to nine days per year the full pay sick leave that can be used for personal leave.
12. Continue the uniform allowances previously applicable to non-represented sworn personnel in the Sheriff, District Attorney, and Office of Public Safety.

**PROPOSED COUNTY/CITY RETIREE HEALTH CARE  
RECIPROCITY PROGRAM**

Reciprocity with regard to general member pension benefits currently exists between the City of Los Angeles (City) and the County, but service in one entity is not recognized as service in the other for purposes of retiree health insurance. The proposed reciprocity arrangement would build on the existing pension reciprocity program by providing that general member retirees who have worked for both the County and the City for an aggregate of at least ten years may combine that service credit in calculating the amount of the County's or the City's contribution toward the retiree's (or his or hers eligible dependents and survivors) health insurance. A retiree receiving benefits under this arrangement must receive health care benefits from the entity (County or City) with which the retiree has the most retirement service credit; provided, however, that a retiree may choose to receive health care benefits from either the County or City if he or she has a minimum of eight years uncombined service credit with that entity. In no event may a retiree receive health care benefits from both the County and City.

Other significant features of the proposed County/City retiree health care reciprocity program are as follows:

- To be eligible for the program, an employee must have earned retirement service credit in both agencies either prior to or during the life of the program and any employment break between the two entities must not exceed six months.
- The program may be terminated by either entity with one year's notice. In such event, retirees currently receiving benefits under the program would continue to receive them and employees in active service at that point would be eligible for the program upon retirement providing a) they have service credit in both agencies as of the time the program is terminated, and b) they meet all other requirements of the program, including the ten year aggregate service requirement.
- The program will be subject to actuarial review every five years with the costs of the review to be shared equally by the City and County. Although the costs of the program are initially projected to be de minimus (see attached actuarial statement), either entity may propose changes in the program at any time if, in the entity's judgment, changes are necessary to keep the costs at a de minimus level.
- No pension reciprocity currently exists between the City and County for safety employees (i.e. Police and Fire) and, therefore, this proposed retiree health care reciprocity arrangement will not extend to safety employees.



December 9, 2003

Mr. David E. Janssen  
Chief Administrative Officer  
County of Los Angeles  
500 W. Temple Street  
Los Angeles, CA 90012

Dear Mr. Janssen:

This letter expresses our opinion in response to the County's concerns in regard to the potential cost of reciprocity for retiree health benefits between County of Los Angeles and City of Los Angeles.

On the basis of our discussions with your staff regarding the number of employees who have transferred from City employment to County employment, we believe that the cost of entering into a reciprocal agreement for a retiree health subsidy will be de minimis to the County. Furthermore, in the event the agreement with the City is terminated granting reciprocity rights to all County employees who had transferred from City to County employment prior to the termination, the cost to the County would still be de minimis.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Harold A. Loeb", written in a cursive style.

Harold A. Loeb, ASA, MAAA, EA  
Principal and Consulting Actuary

HL:rr

## TECHNICAL CHANGES AND OTHER MATTERS

### Domestic Partners

On August 26, 2003, your Board approved a resolution extending LACERA survivor benefits to domestic partners. We recommend that your Board instruct the Director of Personnel to obtain the necessary amendments to the agreements with affected insurers, and instruct the Chairman to sign the agreements, to extend optional group life insurance, optional group accidental death and dismemberment insurance, and COBRA health and dental insurance coverage to domestic partners and their child(ren) to the same extent and subject to the same terms and conditions as such coverage is otherwise extended to spouses and their child(ren), effective January 1, 2005. The accompanying agreements and ordinance also extend family leave and bereavement leave benefits to domestic partners.

### Cafeteria Plan Enrollment

To implement these agreements, we recommend that the Board instruct the Director of Personnel to negotiate and the Chairman of the Board to sign a contract amendment with the Mellon Financial Corporation to provide additional recordkeeping services at a cost not to exceed \$60,000.

### Errors and Omissions Authority

Section 6.02.030 of the County of the County Code enables the CAO with the advice of County Counsel, to issue administrative instructions that interpret ambiguous or complex provisions, correct defects, supply any omissions and reconcile any inconsistencies in the provisions of Title 6, Salaries and Salary Schedules. The provisions of Title 5, Benefits, are also complex and frequently require interpretation. Accordingly it is recommended that the Board delegate corresponding authority to the CAO to interpret Title 5 with the same safeguards that apply to Title 6.

### Miscellaneous Provisions

Delete obsolete provisions of Title 6 of the County Code and change date of continuing provisions to provide continuing eligibility as provided in the accompanying ordinance.

### Obsolete Classes

Delete the following obsolete classes from Title 6 of the County of Los Angeles Code:

Item No.	Title
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2206	ASSISTANT HEAD, TRANSCRIBING SERVICES
2847	SPECIAL ASSISTANT, OFFICE OF PUBLIC SAFETY
4590	SENIOR HEALTH SERVICES PROGRAM ANALYST
5179	DIRECTOR, NURSE ANESTHETIST SCHOOL
7003	POWER EQUIPMENT PAINTER WORKING SUPERVISOR
8435	ASSISTANT CURATOR, MUSEUM OF ART
8503	ASSISTANT CONSERVATOR, MUSEUM OF ART
9996	JUDGE OF THE JUSTICE COURT, CATALINA (UC)

### Optional Survivor Settlement Under LACERA

Sponsor or support legislation to modify the 1937 Retirement Act to provide that a retiree who elects a modified retirement allowance that provides for an increase in the amount payable upon the retiree's death to his/her surviving spouse/domestic partner and/or eligible dependent child(ren) ("survivor(s)") shall receive an actuarially determined reduction in his/her retirement allowance necessary to fund the difference between the survivor benefit resulting from the retiree's election and the "unmodified" survivor benefit to which the retiree's survivor(s) would otherwise be entitled.

1                                   **BOARD OF SUPERVISORS**  
2                                   **OF THE COUNTY OF LOS ANGELES**

3  
4                                   **RESOLUTION**

5  
6           WHEREAS, on September 3, 2003, Assembly Bill 55 was approved by the Governor,  
7 effective immediately, enacting specific statutes authorizing active members of retirement  
8 systems subject to the County Employees Retirement Law of 1937 to receive up to five (5) years  
9 of service credit for additional retirement credit by making a lump sum payment or by making  
10 installment payments over a period of up to ten (10) years, subject to specified statutory  
11 conditions; and,

12  
13           WHEREAS, these statutes are not operative in the County of Los Angeles until made  
14 applicable, by resolution, by majority vote of the Los Angeles County Board of Supervisors  
15 ("Board of Supervisors"); and,

16  
17           WHEREAS, these statutes require that member contributions for additional retirement  
18 credit be sufficient, in the opinion of the Los Angeles County Board of Retirement ("Board of  
19 Retirement") and the Board of Retirement's actuary, not to place any additional financial burden  
20 upon the retirement system;

21  
22           NOW THEREFORE, BE IT RESOLVED that Sections 31485.7 and 31658 of the  
23 Government Code are hereby made applicable to the County of Los Angeles effective  
24 February 1, 2004.

25  
26           BE IT FURTHER RESOLVED that the Board of Supervisors reserves to itself the  
27 option, at any time in the future, to terminate the applicability of these statutes to the County of  
28 Los Angeles.



1 I DO HEREBY CERTIFY that at a regular meeting of the Board of Supervisors of the  
2 County of Los Angeles on the \_\_\_\_ day of \_\_\_\_\_, 2003, the foregoing Resolution was  
3 adopted.

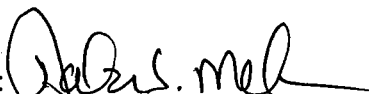
4  
5 IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Board  
6 of Supervisors of the County of Los Angeles this \_\_\_\_, day of \_\_\_\_\_, 2003.

7  
8 VIOLET VARONA-LUKENS  
9 Executive Officer-Clerk of the  
10 Board of Supervisors  
11 of the County of Los Angeles

12 By: \_\_\_\_\_  
13 Deputy

14 APPROVED AS TO FORM  
15 BY COUNTY COUNSEL

16 LLOYD W. PELLMAN

17 By:   
18 HALVOR S. MELOM  
19 Principal Deputy  
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